

TOWNSHIP OF BRADY
SAGINAW COUNTY, MICHIGAN

FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <i>Brady</i>	County <i>Tashtaw</i>
Audit Date <i>3/3/04</i>	Opinion Date <i>7/28/04</i>	Date Accountant Report Submitted to State: <i>8/7/04</i>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>		
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) <i>Barry E. Gaudette, CPA, PC</i>			
Street Address <i>1107 E. 8th Street</i>	City <i>Traverse City</i>	State <i>MI</i>	ZIP <i>49686</i>
Accountant Signature <i>Barry Gaudette CPA</i>			

TABLE OF CONTENTS

	<u>Page</u>
Organization	1
Independent Auditor's Report	2
Financial Statements:	
Combined Balance Sheets - All Fund Types and Account Group	3
Statements of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Types	4
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Fund Types	5
Notes To Financial Statements	6-16
Supplementary Data:	
Comparative Balance Sheet - General Fund	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	18-19
Statement of Changes in Assets and Liabilities - Trust Fund Payroll	20
Statement of Changes in Assets and Liabilities - Agency Fund - Tax Collections	21
Statement of General Fixed Assets	22
Comments and Recommendations	23

INTRODUCTORY SECTION

TOWNSHIP OF BRADY
ORGANIZATION
MARCH 31, 2004
=====

TOWNSHIP OFFICERS AND BOARD MEMBERS

Russell Fuoss	Supervisor
Janet Fuoss	Clerk
Patricia Goodrich	Treasurer
Arnie Vrable	Trustee
Michael Brady	Trustee

Barry E. Gaudette, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

Members of the Township Board
Township of Brady
Saginaw County, Michigan

1107 East Eighth Street
Traverse City, Michigan 49686
(231) 946-8930
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Independent Auditor's Report

We have audited the accompanying financial statements of the Township of Brady, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township of Brady's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Township of Brady, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Brady. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Barry E. Gaudette, CPA, PC

July 28, 2004

FINANCIAL SECTION

Financial Statements

TOWNSHIP OF BRADY
COMBINED BALANCE SHEETS
ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004
=====

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
<u>ASSETS</u>		
Cash	\$ 118,807	\$ 65,416
Taxes receivable	2,901	
Prepaid expenses	4,698	
Restricted assets:		
Cash	11,558	
Land		
Buildings		
Machinery and equipment		
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 137,964</u>	<u>\$ 65,416</u>
 <u>LIABILITIES & FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ 19,965	\$
Due to other governmental units		
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>19,965</u>	<hr/>
FUND EQUITY:		
Investment in general fixed assets		
Fund balances:		
Reserved:		
Prepaid expenses	4,698	
Capital outlay	11,558	
Payroll liabilities		
Unreserved:		
Undesignated	<u>101,743</u>	<u>65,416</u>
	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>117,999</u>	<u>65,416</u>
	<hr/>	<hr/>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 137,964</u>	<u>\$ 65,416</u>

See notes to financial statements

<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>	
<u>Trust and Agency</u>	<u>General Fixed Asset</u>	March 31, <u>2004</u>	<u>2003</u>
\$ 108	\$	\$184,331	\$255,494
		2,901	3,433
		4,698	3,238
		11,558	11,510
	74,515	74,515	74,515
	65,900	65,900	65,900
	78,220	78,220	78,220
<u>\$ 108</u>	<u>\$218,635</u>	<u>\$422,123</u>	<u>\$492,310</u>
\$	\$	\$ 19,965	\$
<u>58</u>		<u>58</u>	<u>35,104</u>
<u>58</u>		<u>20,023</u>	<u>35,104</u>
	218,635	218,635	218,635
		4,698	6,544
50		11,558	11,510
		50	
		<u>167,159</u>	<u>220,517</u>
<u>50</u>	<u>218,635</u>	<u>402,100</u>	<u>457,206</u>
<u>\$ 108</u>	<u>\$218,635</u>	<u>\$422,123</u>	<u>\$492,310</u>

TOWNSHIP OF BRADY
**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE**
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Governmental</u>		<u>Totals</u>	
	<u>Fund Types</u>		<u>(Memorandum Only)</u>	
	<u>General</u>	<u>Special</u>	<u>March 31,</u>	
		<u>Revenue</u>	<u>2004</u>	<u>2003</u>
REVENUES:				
Taxes	\$ 38,958	\$	\$ 38,958	\$ 38,495
Licenses and permits	14,140		14,140	8,398
State grants	148,610		148,610	161,653
Charges for services	27,528	66,813	94,341	89,531
Interest and rents	8,654	303	8,957	13,014
Other	1,133		1,133	7,059
TOTAL REVENUES	<u>239,023</u>	<u>67,116</u>	<u>306,139</u>	<u>318,150</u>
EXPENDITURES:				
Current:				
Legislative	4,620		4,620	4,480
General government	102,015		102,015	97,367
Public safety	42,945		42,945	42,284
Public works	122,918	68,152	191,070	140,849
Health and welfare	1,106		1,106	1,520
Capital outlay	957		957	
TOTAL EXPENDITURES	<u>274,561</u>	<u>68,152</u>	<u>342,713</u>	<u>286,500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(35,538)	(1,036)	(36,574)	31,650
PRIOR PERIOD ADJUSTMENT	(15,276)		(15,276)	
FUND BALANCE, beginning	<u>168,813</u>	<u>66,452</u>	<u>235,265</u>	<u>203,615</u>
FUND BALANCE, ending	<u>\$ 117,999</u>	<u>\$65,416</u>	<u>\$183,415</u>	<u>\$235,265</u>

See notes to financial statements

TOWNSHIP OF BRADY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL FUND TYPE
 FOR THE YEAR ENDED MARCH 31, 2004

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	General Fund		
	Original Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 40,000	\$ 38,958	\$ (1,042)
Licenses and permits	9,155	14,140	4,985
State grants	155,000	148,610	(6,390)
Charges for services	27,300	27,528	228
Interest and rents	7,200	8,654	1,454
Other	100	1,133	1,033
TOTAL REVENUES	<u>238,755</u>	<u>239,023</u>	<u>268</u>
EXPENDITURES:			
Current:			
Legislative	4,800	4,620	180
General government	133,830	102,015	31,815
Public safety	50,580	42,945	7,635
Public works	118,195	122,918	(4,723)
Health and welfare	1,850	1,106	744
Capital outlay	3,000	957	2,043
TOTAL EXPENDITURES	<u>312,255</u>	<u>274,561</u>	<u>37,694</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(73,500)	(35,538)	37,962
PRIOR PERIOD ADJUSTMENT		(15,276)	(15,276)
FUND BALANCE, beginning	<u>73,500</u>	<u>168,813</u>	<u>95,313</u>
FUND BALANCE, ending	<u>\$</u>	<u>\$ 117,999</u>	<u>\$ 117,999</u>

See notes to financial statements

TOWNSHIP OF BRADY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The Township of Brady (Township) complies with Generally Accepted Accounting Principles (GAAP). The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Township's financial activities for the fiscal year ended March 31, 2004.

B. Reporting Entity

The Township of Brady operates under a Board-Supervisor form of government and provides services to its 2,005 residents in many areas including public safety (police, fire and ambulance), road maintenance, health, recreational and general administrative services. There are not any component units of the Township.

In evaluating how to define the Township for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Township's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Township and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Township and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to

TOWNSHIP OF BRADY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Reporting Entity - Continued

exercise oversight responsibilities. Based upon the application of these criteria, the financial statements of certain other governmental organizations are not included in the financial statements.

C. Funds and account groups

The accounts of the Township are organized on the basis of funds and an account group each of which is considered to be a separate accounting entity.

The major fund categories and account groups are:

Governmental Fund Types

These funds are those through which most governmental functions typically are financed. The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of the financial resources) rather than upon net income. Following is a description of the Governmental Fund Types of the Township:

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, State and Federal distributions, grants and other intergovernmental revenues.

Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes. This fund consists of the Refuse Fund.

TOWNSHIP OF BRADY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Funds and Account Groups - Continued

Fiduciary Fund Type

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The Township has one Fiduciary Fund Type as follows:

Trust and Agency Funds

Trust and Agency Funds are purely custodial in nature and thus, do not involve measurement of results of operations. The Township's Tax Collection Fund is an Agency Fund and the Payroll Fund is a Trust Fund.

Account Group

Account Groups are not funds; they do not reflect available financial resources and related liabilities, but are accounting records of the following:

General Fixed Asset Account Group

The General Fixed Asset Account Group is used to maintain control and cost information for all fixed assets of the Township utilized in its general operations.

D. Total Columns (Memorandum Only)

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

TOWNSHIP OF BRADY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Modified Accrual

All Governmental Funds (General Fund) are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, property taxes and other revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seem certain.

F. Budgets

Annual operating budgets are adopted by the Township Board for the General Fund in accordance with Public Act 621 of 1978.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to March 31, the Township Clerk submits to the Township Board a proposed operating budget for the year commencing the following April 1st. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
- b. Public hearings are conducted to obtain taxpayer comments.

TOWNSHIP OF BRADY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. Budgets - Continued

- c. Prior to May 1st, the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
- d. Formal budgetary integration is employed as a management control device during the year for all funds except the Agency Fund. Also, all budgets are adopted on a basis consistent with generally accepted accounting principles.
- e. Adoption and amendments of all budgets used by the Township are governed by Public Act 621, and were complied with during the year ended March 31, 2004. Any amendments of the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the Township Board. A budget was not adopted for the Special Revenue Fund - Refuse.

Budgeted amounts are as originally adopted, or as amended by the Township Board.

G. Encumbrance System

The Township does not use an encumbrance system.

H. Assets and Liabilities

1. Cash and investments

Michigan Compiled Laws, Section 129.91, authorizes the Township of Brady to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the

TOWNSHIP OF BRADY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Assets and Liabilities - Continued

1. Cash and Investments - Continued

Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated one bank for the deposit of Township funds.

The Township's deposits and investments are in accordance with statutory authority.

2. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary fund inventories are not recorded.

3. Fixed Assets and Depreciation

Property, plant, and equipment of all funds are stated at historical cost. Donated fixed assets are stated at their fair market value on the date donated. Governmental fund fixed assets are recorded in the General Fixed Asset Account Group and are not depreciated.

TOWNSHIP OF BRADY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H. Assets and Liabilities - Continued

4. Capitalized Interest

Generally accepted accounting principles require that interest expenditures incurred during construction of assets be capitalized. They are capitalized only to the extent that interest cost exceeds interest earned on related interest bearing investments. The Township did not capitalize interest on fixed assets in the current year.

I. Allowance for Doubtful Accounts

The Township does not use an allowance for doubtful accounts.

J. Accrued Vacation and Sick Leave

The Township does not maintain a policy providing sick and vacation benefits for its employees.

K. Fund Balance Reserve

The Fund Balance Reserve reflects an offset for restricted cash and prepaid insurance in the General Fund. These amounts reflect a cash reserve of \$11,558 for future asset purchases of the Township and \$4,698 for insurance prepaid at March 31, 2004.

Under the modified accrual basis of accounting, when reported in the financial statements, they are to be equally offset by a fund balance reserve account. This indicates that even though they are a component of net current assets, they do not represent "available spendable resources".

TOWNSHIP OF BRADY
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budget expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2004, the Township incurred expenditures in the General Fund which were in excess of the amounts appropriated as follows:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Public safety:			
Building inspection	\$ 8,000	\$ 10,173	\$(2,173)
Public works:			
Road maintenance	114,195	120,958	(6,763)
Refuse Fund:			
Garbage fees		68,152	(68,152)

NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS

A. Assets

1. Deposits and Investments

The Township's deposits are in accordance with statutory authority. The GASB Statement No. 3 risk disclosure for the Township's cash deposits are as follows:

	<u>Bank Balance</u>	<u>Book Balance</u>
Insured (FDIC)	\$ 293,404	\$ 195,889
Uninsured:		
Uncollateralized		
Total	<u>\$ 293,404</u>	<u>\$ 195,889</u>

TOWNSHIP OF BRADY
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

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NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

2. Property Taxes Receivable and Property Tax Calendar

	<u>Mills</u>	<u>Adjusted Levy</u>	<u>Collections</u>	<u>Delinquent</u>
Township -				
general	.9190	\$ 38,958	\$ 36,057	\$ 2,901
fire	1.5000	59,690	55,001	4,689

The Township's 2003 Taxable Valuation was \$42,398,134.

Township property taxes are attached as an enforceable lien on property as of December 1st. Taxes are levied December 1st and are due without penalty on or before February 14th. These tax bills include the Township's own property taxes and taxes billed on behalf of Saginaw County and the School District within the Township boundaries. Real property taxes not collected as of March 1 are turned over to Saginaw County for collection, which advances the Township 100 percent for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

The Township acts as a collection agent for Saginaw County and the Chesaning School District for property taxes. Taxes collected on behalf of Saginaw County and the School District are turned over to the County and School District immediately following collection and are accounted for in designated agency funds.

Property tax revenues are recognized in the fiscal year for which they have been levied and become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay current period liabilities. The current period referred to here is a period of time not exceeding 60 days.

TOWNSHIP OF BRADY
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2004
 (Continued)

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NOTE 3: DETAILED NOTES ON FUNDS AND ACCOUNT GROUPS - Continued

A. Assets - Continued

3. Property and Equipment

A summary of the changes in general fixed assets follows:

	04/01/03			03/31/04
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Land & improvements	\$ 74,515	\$	\$	\$ 74,515
Buildings & improvements	65,900			65,900
Equipment & vehicles	<u>78,220</u>	<u> </u>	<u> </u>	<u>78,220</u>
Total	<u>\$218,635</u>	<u>\$</u>	<u>\$</u>	<u>\$218,635</u>

B. Liabilities

1. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township is a member of the Michigan Township Participating Plan, a program administered by Kenrick Corporation. Insurance coverage is for property liability, wrongful acts, automobile, crime, and inland marine. The Township pays an annual premium to the pool for its general insurance coverage.

This policy complies with Act 294, P.A. 1972, as amended.

NOTE 4: INDIVIDUAL FUNDS PRESENTATION

The General Special Revenue Funds are the only funds of their individual fund kind. Therefore, they are not presented in a combining statement in the supplemental data portion of this report.

TOWNSHIP OF BRADY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2004
(Continued)
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NOTE 5: RELATED PARTY TRANSACTIONS

Nothing came to our attention during the audit effort that would warrant separate mention related to transactions between the Township and its employees and/or elected officials.

NOTE 6: SUBSEQUENT EVENTS

No subsequent events have come to our attention that require disclosure at this time.

NOTE 7: COMPARATIVE DATA

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations. However, comparative (i.e. presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 8: PRIOR PERIOD ADJUSTMENT

The Fire Department delinquent taxes for the tax years of 2000, 2001 and 2002 of \$15,276.23 were paid back on April 16, 2004.

SUPPLEMENTARY DATA SECTION

Combining and Individual Fund Statements

TOWNSHIP OF BRADY
COMPARATIVE BALANCE SHEET
GENERAL FUND
MARCH 31, 2004 AND 2003
=====

	<u>Totals</u>	
	March 31,	
	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash	\$118,807	\$150,632
Taxes receivable	2,901	3,433
Prepaid expenses	4,698	3,238
Restricted assets:		
Cash	<u>11,558</u>	<u>11,510</u>
TOTAL ASSETS	<u>\$137,964</u>	<u>\$168,813</u>
<u>LIABILITIES & FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	<u>\$ 19,965</u>	<u>\$</u>
FUND BALANCE:		
Reserved for prepaid insurance	4,698	3,238
Reserved for capital outlay	11,558	11,510
Unreserved:		
Undesignated	<u>101,743</u>	<u>154,065</u>
TOTAL FUND BALANCE	<u>117,999</u>	<u>168,813</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$137,964</u>	<u>\$168,813</u>

TOWNSHIP OF BRADY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2004

	Original Budget	Actual	Variance Favorable (Unfavorable)
=====			
REVENUES:			
Taxes	\$ 40,000	\$ 38,958	\$ (1,042)
Licenses and permits	9,155	14,140	4,985
State grants	155,000	148,610	(6,390)
Charges for services	27,300	27,528	228
Interest and rents	7,200	8,654	1,454
Other	100	1,133	1,033
TOTAL REVENUES	<u>238,755</u>	<u>239,023</u>	<u>268</u>
EXPENDITURES:			
Current:			
Legislative:			
Township board	<u>4,800</u>	<u>4,620</u>	<u>180</u>
General Government:			
Medicare & social security	6,500	6,033	467
Auditor	1,500	1,375	125
Attorney	10,000	2,831	7,169
Office supplies	2,000	887	1,113
Membership & dues	1,400	980	420
Printing & publishing	6,000	5,643	357
Insurance	14,000	11,748	2,252
Transportation	1,100	252	848
County meeting expense	700		700
Communications	1,680	1,127	553
Supervisor	10,000	10,000	
Treasurer	14,000	12,567	1,433
Clerk	10,000	10,035	(35)
Assessor	8,500	8,420	80
Board of review	1,100	601	499
Elections	2,000	240	1,760
Township hall expenses	20,000	13,946	6,054
Conventions	4,000		4,000
Cemeteries	13,900	12,958	942
Maintenance	350	190	160
Miscellaneous	<u>5,100</u>	<u>2,182</u>	<u>2,918</u>
Total General Government	<u>133,830</u>	<u>102,015</u>	<u>31,815</u>

TOWNSHIP OF BRADY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2004
(Continued)

	<u>Original Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES:			
Current Cont:			
Public Safety:			
Police department	34,330	28,146	6,184
Ambulance	1,250	1,250	
Building inspection	8,000	10,173	(2,173)
Zoning	<u>7,000</u>	<u>3,376</u>	<u>3,624</u>
Total Public Safety	<u>50,580</u>	<u>42,945</u>	<u>7,635</u>
Public Works:			
Road maintenance	114,195	120,958	(6,763)
Drain at large	<u>4,000</u>	<u>1,960</u>	<u>2,040</u>
Total Public Works	<u>118,195</u>	<u>122,918</u>	<u>(4,723)</u>
Health & Welfare:			
Health services	<u>1,850</u>	<u>1,106</u>	<u>744</u>
Capital Outlay	<u>3,000</u>	<u>957</u>	<u>2,043</u>
TOTAL EXPENDITURES	<u>312,255</u>	<u>274,561</u>	<u>37,694</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(73,500)	(35,538)	37,962
PRIOR PERIOD ADJUSTMENT		(15,276)	(15,276)
FUND BALANCE, beginning	<u>73,500</u>	<u>168,813</u>	<u>95,313</u>
FUND BALANCE, ending	<u>\$</u>	<u>\$ 117,999</u>	<u>\$ 117,999</u>

TOWNSHIP OF BRADY
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 TRUST FUND - PAYROLL
 FOR THE YEAR ENDED MARCH 31, 2004
 =====

	Balance <u>04/01/03</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>03/31/04</u>
<u>ASSETS</u>				
Cash - checking	<u>\$ 3,306</u>	<u>\$113,823</u>	<u>\$117,079</u>	<u>\$ 50</u>
<u>EQUITY</u>				
Fund Balance - reserved	<u>\$ 3,306</u>	<u>\$113,823</u>	<u>\$117,079</u>	<u>\$ 50</u>

TOWNSHIP OF BRADY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - TAX COLLECTIONS
 FOR THE YEAR ENDED MARCH 31, 2004
 =====

	Balance <u>04/01/03</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>03/31/04</u>
<u>ASSETS</u>				
Cash - checking	<u>\$ 35,104</u>	<u>\$1,184,744</u>	<u>\$1,219,790</u>	<u>\$ 58</u>
<u>LIABILITIES</u>				
Due to other funds	\$	\$ 51,823	\$ 51,823	\$
Due to other governmental units	<u>35,104</u>	<u>1,132,921</u>	<u>1,167,967</u>	<u>58</u>
TOTAL LIABILITIES	<u>\$ 35,104</u>	<u>\$1,184,744</u>	<u>\$1,219,790</u>	<u>\$ 58</u>

TOWNSHIP OF BRADY
STATEMENT OF GENERAL FIXED ASSETS
MARCH 31, 2004
=====

	<u>Balance</u> <u>04/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>03/31/04</u>
Land:				
Township hall	\$ 47,565	\$	\$	\$ 47,565
Miscellaneous	2,800			2,800
Cemetery	19,150			19,150
Landfill site	5,000			5,000
Total Land	<u>74,515</u>			<u>74,515</u>
Buildings:				
Township hall	<u>65,900</u>			<u>65,900</u>
Equipment:				
Township hall	11,676			11,676
Cemetery	15,048			15,048
Police	37,472			37,472
Voting	5,790			5,790
Office & miscellaneous	8,234			8,234
Total Equipment	<u>78,220</u>			<u>78,220</u>
TOTALS	<u>\$218,635</u>	<u>\$</u>	<u>\$</u>	<u>\$218,635</u>

COMMENTS AND RECOMMENDATIONS

Barry E. Gaudette, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

1107 East Eighth Street
Traverse City, Michigan 49686
(231) 946-8930
Fax (231) 946-1377

Members of the Township Board
Township of Brady
Saginaw County, Michigan

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

This letter supplements the information in the General Purpose Financial Statements and Notes to Financial Statements. It is intended solely for the use of management and the Township Board and should not be used for any other purpose.

Barry E. Gaudette, CPA, P.C.

July 28, 2004